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FEED CONCENTRATES IN LARGER SUPPLY

Supplies of feed concentrates for the 1965–66 feeding year (which began October 1) will be a little more generous than in 1964–65—about 10 million tons more generous to be exact, if September 1 indications are realized.

Feed concentrate supplies for 1965–66 will total nearly 249 million tons based on September 1 prospects. The supply is larger this year because of the 17-percent increase in feed grain production, prospects for some increase in wheat feeding, and more soybean meal available for livestock feeding. The carryover of feed grains into 1965–66 was substantially smaller than a year ago, but this will be more than offset by larger production.

The number of grain consuming animal units (a measure of livestock and poultry numbers, weighted by feed consumption) to be fed in 1965–66 is expected to be slightly less than in 1964–65. However, livestock-feed price ratios have been much more favorable this summer than last and are expected to continue more favorable in the coming year. This could result in heavier feeding per animal unit. Based on these prospects, feed concentrates fed in 1965–66 will total a little more than a year earlier and may about equal the record 153 million tons fed in 1961–62.

The 1965–66 supply of feed grains was estimated, on the basis of September 1 indications, at about 215 million tons, 9 million larger than in 1964–65. The 1965 crop is estimated at 160 million tons, slightly above the previous record in 1963 and 23 million more than the short crop last year. In contrast to production, the carryover into 1965–66, at about 54 million tons, is down 14 million from 1964–65 and the smallest since 1957–58.

The larger feed grain crop in prospect this year is due entirely to higher yields per acre. Yields this year (based on September 1 prospects) will average about 1.61 tons per acre, up 18 percent from 1964. Individually, all the feed grains are expected to set new record high yield marks. On the other hand, feed grain plantings this year, estimated at 119 million acres, were down 4 million from 1964 and about 32 million below 1959 and 1960, prior to the feed grain program. Producers signed up to divert a record 36.7 million acres to soil-conserving uses in 1965.

Prospects for the top feed grain, corn, are for a supply estimated as of September 1 at 5,245 million bushels, 185 million more than in 1964–65. This year's crop is placed at 4,144 million

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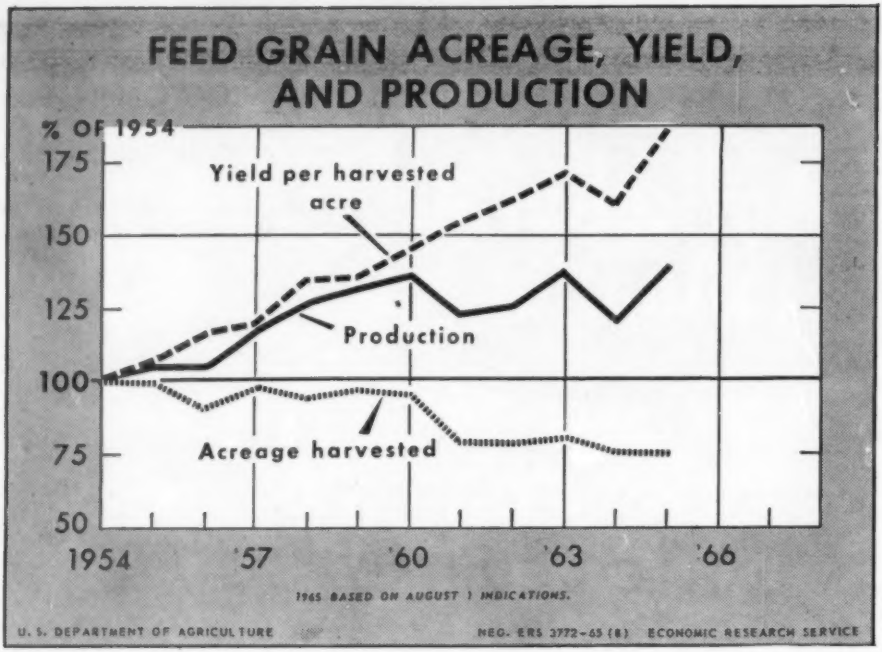

bushels, nearly 600 million above 1964. Acreage to be harvested is estimated at 57.2 million, about the same as in 1964. However, the prospective yield per acre of 72.4 bushels is 17 percent higher than last year and 7 percent above the previous record in 1963.

The supply of oats for 1965–66 is estimated, as of September 1, at 1,280 million bushels, 80 million higher than a year earlier. The 25.1 million acres seeded this year were 1.5 million less than in 1964. But the record yield in prospect is expected to produce 994 million bushels, 112 million more than last season.

The barley supply for 1965–66 is estimated at 525 million bushels, 24 million less than a year ago. The smaller supply is due entirely to a 24-percent reduction in the July 1 carryover—down to 102 million bushels, the smallest since 1954. The 1965 crop, estimated at 408 million bushels, is 5 million more than in 1964.

The sorghum grain supply for 1965–66 is placed at 1,250 million bushels, up 111 million from 1964–65. The 1965 crop, estimated in September at a record high 660 million bushels, is 170 million larger than the short crop last season. However, the gain in production is likely to be partly offset by a prospective cut of about 10 percent in the October 1 carryover.

Feeding of wheat to livestock during 1964–65 is estimated at 72 million bushels, nearly double the amount fed in most recent years. This year, the quantity fed may be as much as 50 percent larger than in 1964–65.

Malcolm Clough
Economic Research Service

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PRICES OF BYPRODUCT FEEDS
Often Show Wide Seasonal Changes

The kind of ingredient you use in a feed ration probably depends a lot on where you live. For example, cattlemen in the South generally depend heavily on cottonseed meal as a source of protein. For livestock producers in the Midwest, soybean meal is the principal protein ingredient in their feed rations.

In any case, a good part of the reason for choosing one byproduct feed over another is price. And prices of a number of the byproduct feeds vary a great deal from one month to the next within a year. A recent study of the seasonality in prices of byproduct feeds during 1953–64 revealed how much monthly prices changed, on the average, and indicated some of the reasons why.

Take oilseed meals as an illustration. Prices for these byproduct feeds in livestock rations depend largely on demand for them. But because most of the oilseed meals are crop-derived, the time of harvest affects prices, too.

Soybean meal prices during 1953–64 were seasonally low in October—which corresponds with the peak of the soybean harvest—at 95 percent of the annual average. From this low, they advanced to 101 percent of the annual average in January. In the months following, prices fluctuated from near to a little above the annual base, reaching the seasonal high of 103 in August. The greatest change occurred from August to October when prices fell 8 percentage points.

The seasonal swing in cottonseed meal prices was unusual because there were two lows and two highs during the 12-month period, probably the result of changes in both supply and demand. Prices rose from a low in September to a peak in January. They declined to another low in May, then rose sharply to the highest point of the year in August. Demand for meal to be used in rations for winter feeding apparently influences the rise early in the year until early-spring pasture is again available which coincides with the reduction in prices around May. The rise from May to August probably reflects the smaller supplies of cottonseed meal before the new crop cotton is ginned.

The seasonal price pattern for linseed meal during 1953–64 revealed a low of 96 percent of the annual average in June and a high of 106 percent in January.

Prices for peanut meal and copra meal in 1953–64 had a rather narrow seasonal swing, although they tended to be higher in the winter than in the summer.

Of the animal protein feeds, prices were more irregular for tankage and meat meal than for fishmeal. However, prices of tankage and meat meal tended to be less than average in the fall and winter months and to rise to a peak in the mid- and late-summer months. The movements in the fall and winter coincide with the period of usually heavy slaughter of beef cattle and hogs.

Fishmeal prices were seasonally high in the late fall and winter when little fishing is done, and low in the spring and summer when fishing is underway.

Prices during 1953–64 for grain proteins—gluten feed and distillers' and brewers' dried grains—were seasonally high in the winter and low in the spring and summer. Grain proteins are used largely in beef and dairy cattle rations so the decline in production of commercially prepared rations when summer pasture becomes available is a major factor in seasonal price shifts.

Prices of gluten feed reached a seasonal high of 109 percent of average in January, then declined to a low of 93 percent in June and July. Output of gluten feeds tends to rise in the summer months. Prices for brewers' dried grain showed a wide seasonal swing—from a low of 90 percent of the annual average in June and July to a peak of 116 percent in December. Distillers' dried grain prices were seasonally low in May at 95 percent, high at 106 in February.

Jack S. Ross
Economic Research Service

FARM REAL ESTATE TAXES

Death and taxes. They've always been inescapable. But farmers are finding property taxes rather hard to take as urban areas spill out into the countryside.

People in urban areas need things farmers usually do without—city water lines, curbs and paved streets, brand-new schools, and hospitals, for example, all of them extremely costly.

Farmers on the urban fringe generally bear the brunt of the increases in property taxes that are necessary to pay for new and improved public facilities. During 1964, State and local governments levied over a billion and a half dollars in real estate taxes on farm property in the United States—an average of $1.51 per acre. And these levies have risen every year for more than two decades at a rate averaging more than 6 percent annually.

The end to the rise in property taxes is definitely not in sight. Such taxes provide 42 percent of all local revenue and 88 percent of all local tax revenue. And from 1957 to 1962, total expenditures by all units of local government increased roughly 46 percent, or about 9 percent annually. In addition to the demand for more and better government services, the salaries and other costs involved in providing such services have risen—a dual boost to the need for more tax revenue.

Farmers in many areas are asking whether there aren't alternatives that might help hold down increases in property taxes. There are several possibilities for developing alternative means of providing for the expenses of government. One is to increase Federal and State aid to local governments. Another possibility is the development of local sales taxes or local income or gross receipts taxes. A third alternative is to make greater use of service charges for things like garbage collection, sewer and water service, hospitals, and so on. But tax specialists conclude that while these alternatives will help fill the need for more revenue, the property tax will still be needed and the levies will continue to rise.

Another recent development on the rural-urban fringe is preferential assessment. A number of States, Maryland is one, already have such laws. The Maryland statute says in part, "Lands which are actively devoted to farm or agricultural use shall be assessed on the basis of such use and shall not be assessed as if subdivided, . . ."

Thomas F. Hady
Economic Research Service

PERSONAL PROPERTY TAXES . . . "Patchwork Quilt" Kind of Revenue

In addition to taxes on their real property, farmers in many States also are assessed on the value of their personal property—motor vehicles, household goods, livestock, and the like. During 1962 (the latest such figures are available), levies on farm personal property amounted to $285 million, or slightly more than 20 percent of the amount levied on farm real estate.

What is defined as personal property in each State is about as different as the 44 States where such taxes are in effect. Household goods are subject to taxation in 33 States and motor vehicles in 22. Many States exempt farm machinery and livestock in full or in part. For example, Iowa exempts all swine and sheep under 9 months of age and all other livestock and furbearing animals under 1 year while Ohio limits livestock exemptions to $100 of assessed value. Mississippi completely exempts all farm machinery, tools, and livestock while Kentucky levies only State taxes on these items.

Of late, some States have been considering abolishing personal property taxes because they are difficult to administer and often inequitable, particularly to farmers. But the situation for personal property taxes depends, like that for real property taxes, on developing other sources of local revenue.

Harvey Shapiro
Economic Research Service

Farm Mutuals' Fire Coverage Rises

"Fire" can be a particularly frightening word on a farm. In addition to the usual fire hazards in and around the farm home, barns and machinery sheds are often filled with hay and straw, petroleum products, paints, and the like, that can result in considerable damage when a fire breaks out.

During 1964, farm property losses from fire and lightning were estimated to have cost $193 million. And such losses were up 1 percent from the previous year, according to estimates based on a survey of farmers' mutual fire insurance companies.

However, some of the losses from fire and lightning were covered by insurance last year. And mutual companies are an important source of insurance for farmers. About 1,500 mutual companies reported a total of $40.1 billion of fire and lightning coverage in force at the end of 1964. About 83 percent of the fire *and* lightning insurance written by farmers' mutuals during 1964 was on farm property; the remainder was on nonfarm property. Total fire and lightning coverage was up $1.8 billion from 1963.

A few of the farmers' mutual insurance companies also reported a breakdown of losses by size for 1964. Nearly 30 percent of all losses were less than $20. Well over half were less than $50. Damages of more than $5,000 occurred in only 1 percent of the loss claims.

CROP INSURANCE . . . JUST IN CASE

Drought, flood, winds, insects, disease, and hail. Together or singly, they can destroy an entire crop. Each year during the growing season, the risk of such disasters is present.

What can you do to reduce the possibility of crop losses? For one thing, use good farming practices. In addition, you can provide for future losses by saving a little extra money in years of good crops. But a return from the crop is more likely to be protected if you take out some kind of insurance.

Crop-hail insurance is available from a number of commercial and farmers' mutual companies. The more than $2.8 billion of crop-hail insurance coverage purchased in both 1963 and 1964 was more than twice that purchased in 1951. In 1963, the coverage was equivalent to 13.1 percent of the total value of all crops harvested—up from 7.6 percent in 1952. Farmers paid $108.8 million in premiums for hail insurance in 1963 and received loss payments of $70.8 million. However, during the 10 years prior to 1963 all regions except the northern plains and the delta had at least 1 year in which hail losses paid were equal to or greater than premiums.

Almost 50 percent of the total coverage in 1963 was in the five Corn Belt States. The percentage of the crop-value insured varied from a high of 25 percent in the Corn Belt to a low of 1 percent in the Delta States. Corn, wheat, tobacco, soybeans, and cotton accounted for almost 80 percent of the total hail insurance coverage in 1963.

The 1952 to 1963 average losses paid per $100 of hail insurance coverage varied from $7 in Wyoming to less than 50 cents in Mississippi and Alabama.

The Federal Crop Insurance Corporation (FCIC) offered crop insurance protection for nearly all natural risks in 1,213 counties during 1965; 23 different crops were covered. However, not all crops were insured in all counties.

Only 10 percent (approximately $2.3 million in 1963) of the losses paid by FCIC is for hail damage. Nearly two-thirds of the loss payments are for drought, excessive moisture, and insects.

So, if the risk of crop losses from hail and other hazards is serious in your area, and if you need and can afford it, the protection of both crop-hail and Federal Crop Insurance (FCIC) may be advisable. The FCIC will cover your production costs if loss from any natural hazard occurs; hail insurance will return the full insured value of your crop if a hailstorm occurs.

Leon B. Perkinson
Economic Research Service

FATAL ACCIDENTS ON FARMS
Decline in Total, But Rise Per Unit

Having a fatal accident in your family is a hard way to learn to be more careful. Yet every year many farm families have this experience. During 1963 (the latest year such figures are available), there were 2,309 fatal accidents on farms.

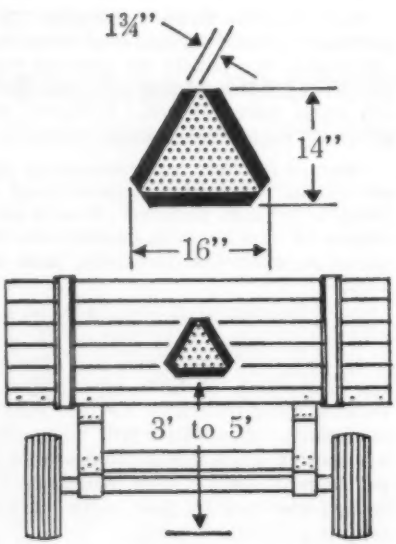
While it's true that the actual number of farm fatalities has been declining since 1954, so has the farm population—and at a faster rate. As a result, the death rate per 100,000 farm people has risen 25 percent in less than 10 years—from 13.7 in 1954 to 17.3 in 1963. Part of the increase may be due to the larger proportion of young people migrating from farms; the farmers who remain are generally older or have highly mechanized operations and may be more vulnerable to accidents.

During 1960–63, the leading causes of fatal farm accidents were machinery, drowning, firearms, falls, blows, burns, electricity, and poison, in that order of importance. Of the 9,365 accidental deaths on farms during this period, 37.6 percent involved machinery, up from 35.3 percent in 1954–59.

The death rates from on-farm accidents vary considerably by age groups. The fatality rates increase rapidly after age 49, and are more than double the U.S. average for the over 75 group. Ages 15 to 24 have the highest death rate of any group under age 50. And although the death rate for children under 5 is generally lower than the average for all ages, it is considerably higher than that for ages 5 to 9.

Age has a lot to do with the kind of fatalities, too. Machinery caused more than a third of the accidental deaths of the under 5 age group, 23 percent of deaths from 5 to 9, and 52 percent of those in the 55-to-59 group. Drownings accounted for more than a third of the accidents under age 20.

SLOW-MOVING VEHICLE EMBLEM



Here's how to make and display the SMV emblem:

Use 0.040 inch aluminum sheet or 22 gauge mill galvanized or primed sheet steel. Cut it in the shape of an equilateral triangle 20 inches wide by 17½ inches high. Cut the points off, smooth the edges, and round the corners slightly so as to form the shape as illustrated.

A triangle of yellow-orange fluorescent material, 14 inches wide and 12¼ inches high, which will stick to the metal, is used for the center. The border should be made of dark red, highly reflective, headed material, 1¾ inches wide.

Mount the SMV emblem, one point up, on a "keystone" bracket or on a staff and place it at the rear of your tractor or implement, at the center of the mass, and about 3 to 5 feet from the ground. OR the reflecting and fluorescent materials can be permanently attached directly on a metal surface.

COSTS AND RETURNS

Commercial Cotton Farms

Net farm incomes in 1964 were the highest on record in the Southern Piedmont ($3,274, up 13 percent from 1963) and on large cotton-general crop farms in the San Joaquin Valley of California ($108,785, up 16 percent). They were the second highest on record on medium-sized cotton-general crop farms in the San Joaquin Valley ($36,067, up 12 percent) and the fourth highest on cotton-specialty crop farms ($58,290, up 146 percent).

Cotton growers in the Mississippi Delta, the black prairie of Texas, and the southern coastal plains experienced one of their best years in 1964 with returns only 9- to 14-percent short of the alltime high levels in 1963. Because of severe drought last year in the high plains of Texas, net farm incomes on dryland farms in that area dropped to one of the lowest levels on record ($1,676, down 84 percent), ending a 7-year period of good returns. Cotton growers on irrigated farms in the high plains had the lowest returns in 5 years ($12,903, down 26 percent from a year earlier).

Farms with higher net farm income in 1964 than in 1963 had either sufficiently higher yields per acre to outweigh a decline in prices received or, like cotton-specialty crop farms in the San Joaquin Valley, they received higher prices along with higher yields. On farms where returns went down, crop yields per acre were lower—except for the Texas black prairie—and prices received generally declined. Unusually heavy abandonment of nonirrigated crops and high irrigation costs were added factors on the drought-stricken Texas high plains.

Prices paid by commercial cotton growers in 1964 for items used in production averaged about the same as or a little higher than in 1963. Taxes, machinery prices, and wage rates were among the items that went up.

Commercial Broiler Farms

In 1964, net farm incomes for typical broiler farms ranged from 11 percent below that of the previous year in Georgia ($718) to 9 percent above on Delmarva specialized broiler farms ($2,433). Net farm incomes for broiler farms in Maine ($3,692) and for broiler-crop farms in Delmarva ($6,022) were up slightly from 1963.

Georgia broiler growers received less income last year than in 1963 because of smaller contract payments and lower returns from most of their other farm enterprises. On Delmarva specialized broiler farms, incomes were higher in 1964 because both broiler output and contract payments were higher. Delmarva broiler-crop producers also increased broiler production and got higher contract payments. But lower receipts from crops nearly offset the gain from broilers. In Maine, contract payments were lower than in 1963, and operating expenses rose.

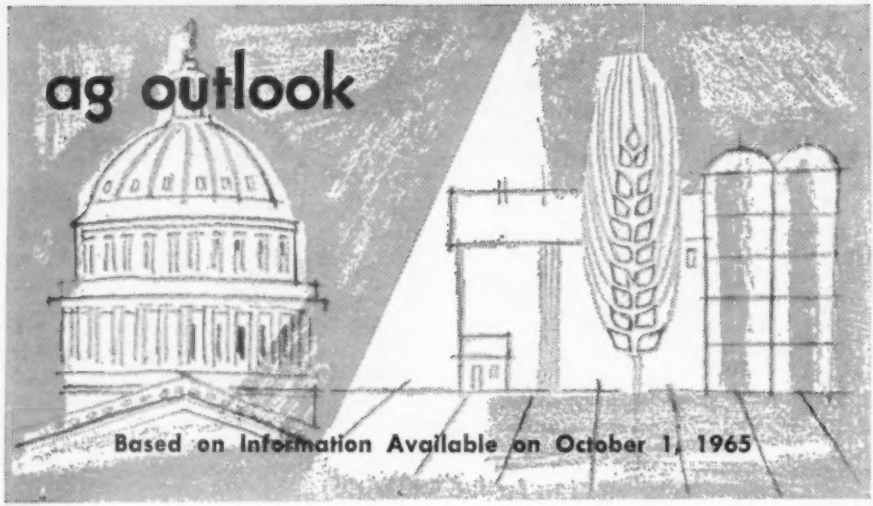
TURKEY TALK . . .

More Heavy Whites

With November, and Thanksgiving, almost upon us, it's time to talk turkey. The word for this year is that production is expected to be up 4 percent over the 1964 level.

Turkeys raised in 1965 are likely to total 103.7 million birds with the number of heavy whites up 20 percent, light breeds up 4 percent, and bronze and other heavies down 9 percent. An increase in production of turkeys is expected in all regions of the country except the East North Central and the West. A drop of 1 percent is likely in both of the latter areas. Gains in other regions are 12 percent in the South Atlantic, 9 percent in both the North Atlantic and the South Central, and 5 percent in the West North Central States.

The number of heavy breed turkeys raised this year is expected to total 91.8 million compared with 88.2 million in 1964. The heavy white crop of 46.9 million is 51 percent of the total of all heavies compared with 44 percent last year. This is the first time that heavy whites have exceeded production of all other heavy types. Other heavy breeds raised this year are expected to total 44.9 million, 9 percent below the 1964 level of production.



COTTON CARRYOVER

As the result of another large crop this year, the carryover of upland cotton on August 1, 1966, is estimated at a record high 15.7 million running bales. This compares with 14.0 million bales this past August and the previous high of 14.4 million in 1956. Upland cotton disappearance (mill consumption plus exports) during the 1965–66 crop year is estimated at 13.5 million bales, up from 13.1 million in 1964–65. The 1965 crop of upland cotton is expected to total 15.0 million bales (as of September 1).

TOBACCO SUPPLY

The 1965–66 supply of flue-cured tobacco will be second largest on record, and of burley, the largest on record. The carryover of flue-cured tobacco at the outset of the 1965–66 marketing year was up 7 percent from a year earlier; the carryover of burley is estimated to be up 2 percent—both reaching new highs. As of September 1, the flue-cured crop was indicated to be down 15 percent from 1964, and is the smallest in 6 years; the burley crop was indicated to be nearly as large as in 1964, when it was the third largest in 10 years.

POTATO SUPPLIES

As of September 1, fall-crop potato production was indicated at a record-large 209 million hundredweight, up 22 percent from the low level in 1964. Output in the East is only a little above last year, but larger crops are expected in the Midwest and in the West. Midwestern output is up a fourth; western production, 39 percent.

CRANBERRIES

The cranberry crop forecast for this year indicates that there should be a reasonably large supply for the holiday season and well into 1966, too. The crop is expected to total 1,296,000 barrels, only 4 percent less than in 1964 and 1 percent above the 1959–63 average. (The forecast is based on conditions as of August 15.) In Massachusetts, Wisconsin, and New Jersey, production of cranberries is expected to be less than last year, but larger crops are forecast for Washington and Oregon.

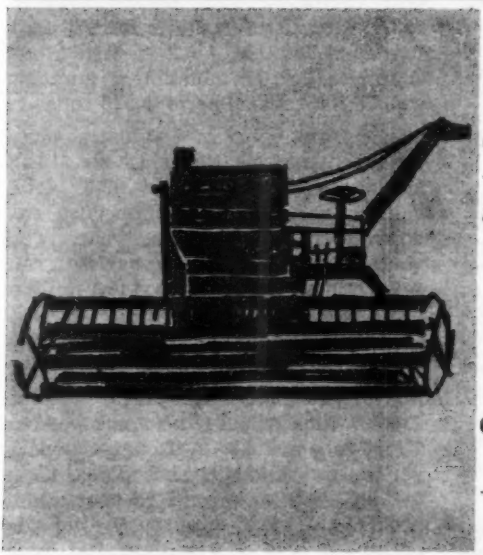
The Massachusetts crop is placed at 630,000 barrels, down 5 percent from last year. The potential size of the crop is lower this year than last because of below-normal rainfall and low or nonexistent water reserves on much of the acreage. There was little winter injury or spring frost damage to the Massachusetts crop this year and bloom and set were heavy with the berries evenly distributed on the vines.

In New Jersey, a crop of 141,000 barrels is in prospect, 8 percent less than last year. Dry weather and untimely rain resulted in light bloom and set this year but larger berries developed. Minimal spring frost damage aided crop prospects on marginal, poorly protected bogs.

The Wisconsin crop is forecast at 400,000 barrels, 7 percent less than last year. Winter damage was about as usual this year, but a late frost in the northern areas, in addition to hail in the west, hurt the crop. Cool weather limited the size of the berries. Harvest was expected to begin about a week later than normal.

COMBINE: OWN OR RENT? The fixed annual costs of a self-propelled combine include depreciation (use tax figures), repairs, shelter, insurance, taxes and interest. Dividing by the acres of grain combined results in fixed annual costs per acre. The variable costs are those that depend on the number of acres combined—fuel, oil and grease.

The data in the table are averages of the replies to a 1960 survey of wheat farms in northeastern Colorado. Although the figures probably are higher nowadays and are likely to be different for other farming areas, they still illustrate cost items and relative amounts for them.



Size in feet	14	16
Cost when new	$6,430	$7,126
Investment in 1960	$3,858	$4,276
Acres of use annually	380	376
Annual fixed costs:		
Depreciation [1]	$367.43	$457.07
Repairs	97.99	87.76
Shelter, insurance, taxes	123.26	130.22
Interest [2]	308.64	342.08
Total	$897.32	$1,017.13
Per acre	2.36	2.75
Operating costs per acre	.71	.71
Total	$3.07	$3.46

[1] Cost when new less 20 per cent—remainder divided by estimated years of use. [2] Eight per cent.

LAST YEAR'S POTATO CROP SLIPPED

Nineteen-sixty four was a year of "small potatoes." Figuratively, that is. The crop last year was smaller than 1963 in terms of total output, average yield, harvested acreage, and planted acreage.

Production of potatoes during 1964 came to 239.4 million cwt., 12 percent below the output of the previous year. Yield per harvested acre averaged 185 cwt. compared with 201.8 cwt. in 1963. Harvested acreage totaled 1,293,800, off nearly 4 percent, and planted acreage 1,333,500, down 2 percent.

The U.S. potato crop is actually made up of several seasonal crops that are produced in a number of different areas. Here's a crop-by-crop rundown of 1964 production:

Winter. Produced in Florida and California. Output was close to 3.7 million cwt. last year, 5 percent below 1963 because of reductions in planted and harvested acreages—yields were up from the previous year.

Early spring. Florida and Texas. The crop last season came to roughly 4.2 million cwt., not quite 20 percent under a year earlier. Yields and acreages were down.

Late spring. Located in a number of States—California, Arizona, Alabama, and North Carolina were leading producers in 1964. Production totaled 20.2 million cwt. Yields per harvested acre were nearly the same as in 1963, but acreage was down, reducing production 15 percent.

Early summer. California, Virginia, Texas, and Delaware were leading suppliers in 1964. Total early summer output, 11.5 million cwt., was off almost 9 percent, mostly because of less acreage. Yields were slightly below 1963.

Late summer. Washington led in 1964; followed by Wisconsin, New Jersey, California, New York, Colorado, and a number of other States. Production was 27.6 million cwt. last season, 5 percent under the 1963 level. Yields were lower on smaller acreage.

Fall. The "big" crop, and the one most people think of when potatoes are mentioned. Twenty-six States contributed to the 1964 crop of close to 172.2 million cwt. The fall crop last year was about 13 percent under output in 1963. Yield and acreages were reduced—yield slipped 10 percent from the previous season.

Production of sweet potatoes during 1964 totaled nearly 15.3 million cwt., 3 percent less than in 1963. Yields were higher but less acreage was planted and harvested. Three States—Louisiana, North Carolina, and Virginia—accounted for half of output.

W. Grant Lee
Statistical Reporting Service

TREE NUT OUTPUT BELOW 1963 LEVEL

Production of tree nuts (almonds, walnuts, filberts, pecans, and tung nuts) totaled 384,630 tons during 1964, 5 percent under output in 1963. The value of production, nearly $139.4 million, was down 6 percent.

Output of the four edible nuts was 261,330 tons last year, off 21 percent from 1963. The overall reduction was due entirely to a sharp cut in production of pecans—only 86,800 tons last year compared with 182,850 tons in 1963. Output of walnuts during 1964 totaled 89,700 tons, up from 83,100 tons a year earlier. Production of almonds was 76,800 tons; filberts, 8,030 tons.

The farm value of edible tree nuts produced in 1964 was close to $131.8 million, 9 percent below 1963. The value of sales, $129.4 million, also was down from the previous year. The value of production, by variety, ran $48.4 million for almonds, $40.7 million for walnuts, $3.5 million for filberts, and $39.1 million for pecans.

Production of tung nuts (which supply oil for industrial uses) totaled 123,300 tons in 1964, up sharply from 73,500 tons in 1963. Although the price per ton was a little lower last year than in 1963, the large gain in production boosted the value of output up considerably—it was $7.6 million last year compared with $4.8 million in 1963.

FACTS ABOUT DAIRY INCOMES REVEAL SUCCESSFUL FARM OPERATIONS

Farmers and farm advisors, hunting for ways to improve farm profits, naturally look at characteristics that go with gross earnings, and whether income is increasing or decreasing. Numerous developments in production methods cause farm operations and incomes to vary widely. With such variations, the problem of searching out ways of organizing dairy farm resources to make the most profit possible becomes more difficult.

A recent analysis of dairy farms points out income-earning characteristics typical of different size operations and suggests why they fail, are only marginal, or succeed. Here are some of the characteristics (based on data from the 1959 Census of Agriculture):

—The larger dairy farms (in terms of sales) had the largest investment in land and buildings, but the investment per dollar of farm sales was less than for the smaller farms.

—The larger farms make heavier use of purchased feed and hired labor. These two items accounted for 80 percent of the purchased inputs bought by dairy farms with $40,000 or more of sales, compared with 63 percent of inputs purchased for farms with $5,000 to $9,999 in product sales. Small farms tend to depend largely on homegrown feed and use only operator and family labor for farm work.

—The larger farms sell most of the dairy products. During 1959, 155,000 farms with sales of $10,000 or more accounted for $2.3 billion out of $4 billion in farm sales of milk and cream.

—As the scale of dairy operations increased, dependence on the dairy enterprise as a source of income rose. In the less than $2,500 income group, about $62 out of each $100 in sales of farm products was from milk; in the $40,000-plus group, operators obtained $81 out of each $100 in sales from milk. Operators in the lower income groups were more likely to have other farm enterprises in addition to dairying.

—Among the farms with $10,000-plus sales, the proportion operated by tenants and part owners was larger than that operated by full owners; the opposite was true of the smaller farms. This was due to the higher capital requirements on larger farms.

Robert H. Miller
Economic Research Service

USE OF MILK IN MANUF. PRODUCTS

A total of 64.6 billion pounds of net whole milk equivalent was used in the production of manufactured dairy products during 1964. This is an increase of 3 percent from 1963 and accounts for over half of total milk production for the year.

Record highs were set during 1964 in the production of "other than Cheddar" types of American, brick and Munster, all Italian, Neufchatel, and Blue Mold cheeses, cottage cheese curd and creamed cottage cheese, unsweetened condensed skim milk, dry whey, and dry buttermilk. Ice cream, ice milk, and Mellorine also reached new peaks in production.

The net whole milk used in butter output last year, at 31.3 billion pounds, is 2 percent more than in 1963 and accounts for close to half of the total for manufactured dairy products.

Production of all cheese, excluding creamed cottage cheese, required a recordbreaking 15.6 billion pounds of whole milk in 1964. This is nearly 6 percent more than in the previous year and accounts for almost a fourth of all milk used in manufactured products.

Net use of whole milk in the production of frozen dairy products was 10.3 billion pounds last year. This is record high and 3 percent above 1963. Butter and condensed milk used in the production of frozen products required 1.9 billion pounds of milk equivalent.

U.S. FARM EXPORTS . . .

BREAK OLD RECORDS DURING 1964-65

It's usually nice to break old records—particularly ones for agricultural exports. In that respect, fiscal 1964–65 was a good year. U.S. farm exports totaled a record $6,096 million, up from $6,067 million a year earlier. New records were set for corn, grain sorghums, soybeans, inedible tallow and greases, variety meats, hides and skins, oilcake and meal, and soybean oil.

Products for which shipments rose last year from 1963–64 included corn, soybeans, cottonseed and soybean oils, oilcake and meal, inedible tallow, hides and skins, and dairy products. However, gains in these products were about offset by declines in shipments of wheat and flour, cotton, tobacco, vegetables, meats and products, poultry meat, and rye, due largely to stiffer competition from other exporting countries.

Commercial sales for dollars accounted for about three-fourths of the total value of exports in fiscal 1964–65, or $4.4 billion. Exports under Government-financed programs came to about $1.7 billion. However, an estimated $2.1 billion of the nearly $6.1 billion export total benefited from export payment assistance; $1 billion of sales for dollars and $1.1 billion moving under Government financing.

Japan remained the leading foreign market for U.S. agricultural exports during the last fiscal year. Shipments to Japan rose to a record $750 million, compared with $742 million in 1963–64. They accounted for 12 percent of the $6.1 billion farm export total.

India became the second largest outlet for U.S. agricultural products during 1964–65, mainly for foodstuffs under Government-financed programs to meet her unusually severe food deficit, the result of poor harvests in 1964. Other top markets in 1964–65 were Canada, the Netherlands, United Kingdom, West Germany, and Italy.

Here are some export details:

Grains and preparations. Exports fell to $2,477 million in fiscal 1964–65 from $2,616 million the previous year. The decline was due to a reduction in wheat exports from the unusually high level in 1963–64 when Western Europe and the Soviet Union imported substantial quantities of U.S. wheat.

Exports of milled rice came to 28.5 million bags in 1964–65, compared with 31.2 million a year earlier. Shipments to Indonesia, India, the U.S.S.R., and the European Economic Community (EEC) fell, while those to Japan, the Philippines, Jamaica, and Poland rose.

Exports of feed grains rose to a record of 18.1 million metric tons, breaking the previous fiscal year high of 16.2 million. Principal markets were Japan, the Netherlands, Italy, United Kingdom, and West Germany. Exports of feed grains to the EEC were 30 percent above the previous year and accounted for over two-fifths of the total. Livestock production in Western Europe and Japan has gained sharply in recent years as incomes, and demand for meat, have risen rapidly.

Oilseeds and products. Exports reached a record $1,115 million in fiscal 1964–65, up from $842 million a year earlier. This was the sixth year in a row that oilseeds set a new mark. The gain this year included all major commodities, but particularly soybeans, edible vegetable oils, and protein meal.

Animals and animal products. Exports totaled $808 million during fiscal 1964–65, a gain of 5 percent over the previous year. The improvement resulted from increases in the value of exports of inedible tallow, hides and skins, and dairy products. Shipments of poultry meat, meats and products, and lard were somewhat below 1963–64.

Cotton. Exports of cotton, excluding linters, totaled 4.5 million bales in fiscal 1964–65, down considerably from the 5.1 million shipped the previous year. The reduction was due to increased competition from a record 1964 output of cotton in foreign free world countries, near record production in Communist countries, and a working down of stocks in importing countries.

Dewain H. Rahe
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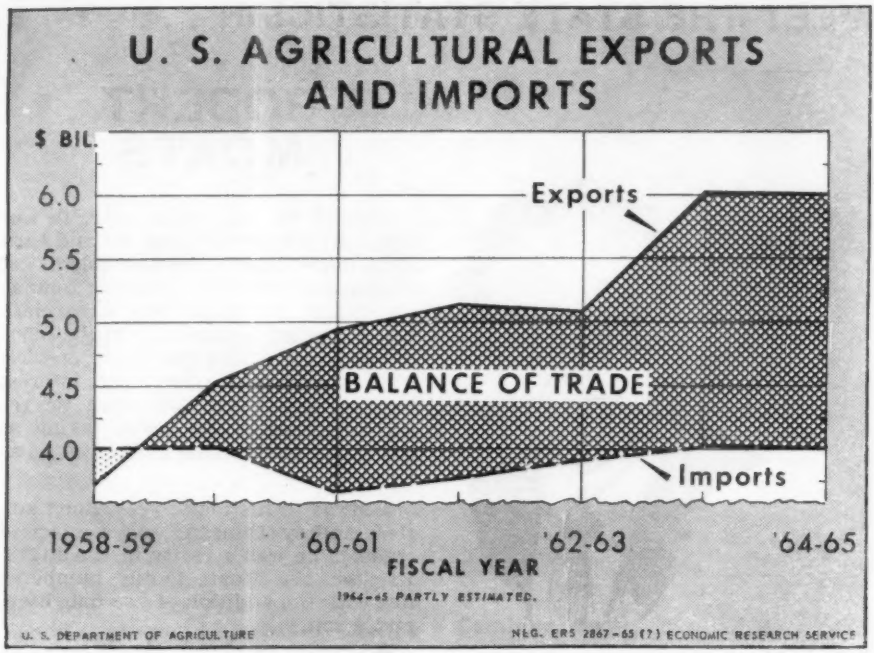

IMPORTS OF FARM PRODUCTS

Dropped 3 Percent in Value in 1964-65

Imports of farm products for consumption during fiscal 1964–65 amounted to $3,988 million, down from $4,096 million a year earlier. The 3-percent decline was the result of smaller imports of both supplementary (partly competitive) and complementary (noncompetitive) products.

Supplementary imports. Such shipments had a value of $2,129 million in 1964–65, slightly below the $2,225 million of a year earlier. Imports of pork, dairy products, hides and skins, apparel wool, fruits and preparations, nuts and preparations, vegetables and preparations, oilseeds and products, tobacco, and wine increased. Those of beef and veal, cotton, and sugar were lower than in 1963–64.

In terms of value, the leading supplementary imports during 1964–65 were sugar and related products ($477 million worth, off 19 percent from 1963–64), meat and meat products ($402 million, down 23 percent), and oilseeds and products ($183 million, up 19 percent). Meat imports were down significantly largely because of a rise in European demand.

Complementary imports. Noncompetitive agricultural imports during 1964–65 were valued at $1,698 million, compared with $1,737 million the previous year. The value of imports rose for bananas, essential oils, crude rubber, and spices. Cocoa bean imports increased in volume, but declined slightly in value because of reduced world prices. Imports of coffee, tea, silk, unmanufactured fibers, and carpet wool were below the July 1963–May 1964 level.

Our agricultural imports came from 125 countries during July–May. However, 10 countries supplied more than half the total value of imports for consumption. Brazil was the leader with $377 million worth, largely coffee shipments. The Philippines was the second largest source of imports.

MEET THE STATE STATISTICIAN . . .

ROBERT MOATS

Bob Moats intended to become a farmer. A career as an agricultural statistician was his second choice. But fate decreed otherwise. Only 1 year after Bob had taken over the family farm in Knox County, Ill., his youngest daughter became seriously ill with asthma and the family had to move to a drier climate. So, Bob found an opening in the office of the Arizona Crop Reporting Service.

Although Bob was born in the Red River Valley area of North Dakota in 1914 (his father was the high school principal and grade school superintendent in Drayton), he grew up on a beef-hog farm in Knox County, Ill.

Bob attended grade school and the 3-year high school in Maquon, then graduated from Galesburg High School in 1931. He thinks his interest in statistics dates back to using an Illinois statistical summary for background in a high school term paper.

A scholarship that covered the cost of his tuition enabled Bob to enter the University of Illinois in the fall of 1931. In addition to studying, he worked part time as a statistical clerk, joined a fraternity, and participated in the Reserve Officers Training Corps.

Midway in his junior year, it was necessary for Bob to drop out and earn some more money. He was able to get a temporary job as a corn-hog tabulator and it led to another as a clerk and comptometer operator in the office of the Illinois Crop Reporting Service. This experience sparked Bob's interest in statistical work and when he returned to school, he began taking as many courses in math and statistics as he could.

Midway in his senior year, Bob married Audrey Duncan. As a married student, he was a rarity in the 1930's. In time, the Moats family numbered five with the addition of two daughters and a son.

Bob received his bachelor of science degree in agriculture in June 1936 and went home to work on the family farm. In September, a job as an ag statistician opened up in the Illinois Crop Reporting Service and Bob got it. He continued to work as a statistician until 1940 when he went on active duty as a lieutenant with the Army field artillery. (As the result of his 4 years in ROTC, Bob received a reserve commission at graduation.) But in 1941 and in 1942, Bob failed to pass army physicals and was discharged—a bitter pill for him. In the meantime, he was assigned first to the Mississippi Crop Reporting Service, then to Illinois again, and then to Nebraska.

In 1946, Bob's father retired and Bob resigned in order to take over the operation of the home farm. But his daughter's illness led him to accept a position in the Arizona Office a year later. In 1949, he was transferred to Washington, D.C., to direct the work in fresh vegetable statistics, and later in agricultural prices. When the job of Statistician-in-Charge in Illinois opened up in 1962, the lure of home and closer contact with farm people brought Bob back to his native State once more.

SOYBEAN YIELDS . . . WILL THEY GAIN?

Since World War II, soybean acreage has tripled while production has quadrupled. The gains were sparked by new varieties and production areas, the shift of oat acreage to soybean output, acreage restrictions on corn, wheat, and cotton, a booming domestic and export market for soybeans and the products made with them, and favorable prices to producers.

Soybean acreage planted for all purposes was around 12 million in 1947–49. This year, 34.7 million acres were scheduled for harvest as beans on September 1. Production is estimated at a record 867 million bushels; it averaged 216 million in 1947–49.

Soybeans actually have been on the American farm scene for 40 years. And during these years, national yields have yet to appreciably exceed 25 bushels per acre. (This year they are estimated at an even 25 bushels.) During the past decade, corn yields rose 58 percent, cotton yields 60 percent, and grain sorghum yields 119 percent, while soybean yields increased only 18 percent.

Will the existing soybean yield barrier be broken? Eventually, it probably will. But crop researchers are being realistic about the work that must be done—it's likely to be strictly uphill.

A combination of both applied and basic research is needed on all phases of soybean production if the yield barrier is to be broken. USDA is expanding its basic farm research program in such areas as culture, breeding, diseases, variety evaluation, and control of pests, weeds, and nematodes. The results might come in a brilliant breakthrough, but it's more likely to be a combination of many small advances that will get yields moving again.

The need for raising soybean yields may become critical before long. According to an industry research advisory committee, demand for soybeans is expected to increase another 50 percent in the next 5 years. Thus far, the need for greater production has been met by expanding acreage. But there is a limit to the additional land that can be used for soybeans.

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In This Issue

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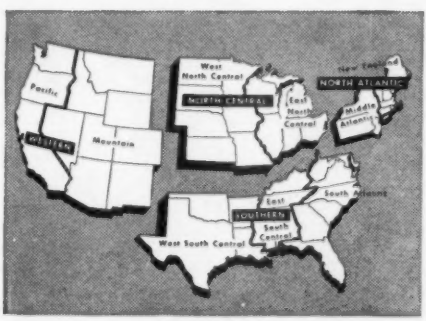

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